

MARKET Facts - Market Research Firm ... The NPD Group

The Global Underwear Industry is estimated to be worth over \$30 billion. The market encompasses a range of lingerie and intimate clothing, with bras representing over 50% of the overall market, briefs around 33%, and corsetry more than 10%. Style, evolving fashion trends and factors such as novelty and comfort are the main drivers of this industry.

One major change in the industry compared with traditional attitudes to underwear is that of underwear being worn as outerwear, reports Global Industry Analysts. The industry also faces serious challenges such as the increasing trend of outsourcing production to less expensive countries. The market is characterized by intense competition.

Aging populations in developed nations such as the US are slowing market growth. Growth potential, therefore, lays more in developing countries due to increasing income levels, trends towards Western fashion, a larger young population and rising standards of living. Lingerie consumers tend to make impulse buys, favoring factors other than necessity such as style.

The U.S. apparel market grew 4 percent in 2011 with total dollar sales of \$199 billion dollars. The growth of dollar sales in the men's apparel market led the way in the adult apparel market with an increase of 4 percent. Women's apparel grew by 3 percent and children's apparel by 6 percent.

Men's underwear sales for 2011 rose 7 percent in the U.S. In the men's apparel market the categories that helped to propel growth there are in those related to the 'dressing-up' trend. Dollar volume sales for men's dress shirts were up 14 percent, men's suits sales were up 23 percent, and sport coats were up 20 percent. Last but not least, men's underwear sales for 2011 rose 7 percent. "The men's market has benefited from the economy—yes, that's benefited," said Cohen, "It's about the job, keeping it or getting it. Younger men are looking to 'dress the part' while older men are also looking to 'dress the part,' but also want to 'keep the part,'" adding, "And then of course to some, sales of men's underwear is an indication of the health of the economy."

Manufacturer owned stores, posted the highest growth rate, up 15 percent, off-price and specialty stores were both up 6 percent. Department and national chain stores also posted growth (3 percent). The mass merchant channel showed slight improvement (1 percent). "These channel results demonstrate that the consumer's pursuit of value has become more about 'brand names for less,' and less about getting the 'lowest prices,'" observed Cohen, "Stores and brands that have shifted with the consumer and provide an assortment of recognizable brands, a good deal, and better quality merchandise as well as having shifted away from being only about the lowest price, are the ones that have posted growth."

Innovation in fabrics and new designs are strong drivers of sales in the underwear market, with 2011 seeing lots of new products launched onto the market, helping to encourage consumers to buy new pieces for reasons other than just replacement.

"Guys are starting to look for functional benefits in underwear," says Jockey Chief Marketing Officer Dustin Cohn. The company's "staycool" line has some of the same breathable features NASA astronauts enjoy in their space suits. "I think guys are catching up to women in intimates. Women are thoughtful about their clothes and what intimates make them look best. Men are becoming thoughtful, too."

Under-35s are almost three times as likely as their older counterparts to buy underwear sets (63% versus 22%), with interest in having co-ordinated bra and brief sets diminishing with age.

In recent years, men's fashion in general has undergone a significant shift, says Marshal Cohen, chief industry analyst at consumer market research firm The NPD Group. "Over the past two years, men have become more concerned with fashion than they have been in several decades -- since the '70s." Today, Cohen says, men's products are being designed for specific applications. "Male consumers are being told this is the style and this is the product you need for X activity." Cohen cites Under Armour as a good example of a brand that has done a good job avoiding the typical undergarment business model. As for smaller companies like Tommy John versus behemoths like Jockey, Cohen argues that there's room for both. "There are two windows of opportunity in the market. Be unique and different and market to a higherend customer. Or be so unique and different that consumer's recognize and want your brand."

To be sure, men's underwear is leaving its Stone Age. And small companies like Tommy John should not be taken lightly. "Do I think a small player with a lot of innovation could make an impact on the market? Yes."

Shapewear as a new international trend. In 2010, more than one quarter of all global underwear sales were made in the EU-27 - followed by the USA, Russia and China. An important global trend in the undergarment market highlighted in yStats.com's "Global Underwear Market Report 2012" was shapewear. Its popularity soared worldwide in all important markets.

Specialist retailers for underwear leading in the USA. In the USA, the market for ladies' underwear grew by one third from 2004 to 2010, while it only increased by 10 % for male underwear in the same period. In 2010, almost 80 % of all lingerie purchases by women were for daytime lingerie and corsetry. Most products were sold by specialized chains.